

## Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00  
COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06  
TRSE-00 OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01  
INT-05 OES-07 L-03 SS-15 AGR-05 /103 W  
-----140321Z 089110 /61

R 121105Z MAY 77

FM AMEMBASSY ANKARA

TO SECSTATE 7484

INFO AMEMBASSY DAMASCUS

USINT BAGHDAD

AMCONSUL ISTANBUL

C O N F I D E N T I A L ANKARA 3673

E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: EXIM FINANCING FOR KARAKAYA HYDROELECTRIC PROJECT

REF: (A) STATE 073506, (B) ANKARA 2988, (C) BAGHDAD 0423,  
(D) STATE 085546

1. AS REPORTED IN REF B, EMBASSY IS NOT REPEAT NOT AWARE OF ANY REACTION FROM SYRIA AND IRAQ TO KARAKAYA PROJECT AND WE DO NOT KNOW OF ANY AGREEMENT OR PROSPECT FOR AGREEMENT REGARDING THE EUPHRATES WHICH MIGHT AFFECT THE KARAKAYA PROJECT. NEVERTHELESS, IT MIGHT BE ADVISABLE FOR THE DEPARTMENT AND EXIM TO CONSIDER BOTH SHORT AND LONG-TERM POLITICAL IMPLICATIONS OF U.S. DIRECT PARTICIPATION IN FURTHER PROJECTS LIKE KARAKAYA. WHILE KARAKAYA IS CONSIDERED "NON-WATER CONSUMPTIVE", GOT HAS IN LONG-RANGE PLANS MAJOR HYDRO AND IRRIGATION USES FOR EUPHRATES THAT ARE ALMOST CERTAIN TO BE OF GREAT CONCERN TO BOTH IRAQ AND SYRIA.

2. IN DISCUSSION WITH MFA OFFICIAL FROM ECONOMIC SECTION OF MINISTRY INVOLVED WITH TURKISH-IRAQI AFFAIRS, EMBOFF WAS TOLD THAT DIVISION OF EUPHRATES WATER, WHILE NOT SERIOUS PROBLEM AT  
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PRESENT, MAY ULTIMATELY CAUSE TROUBLE IN TURKISH-SYRIAN-IRAQI RELATIONSHIP. READING FROM GOVERNMENT REPORT, GOT OFFICIAL POINTED OUT THAT EUPHRATES WATER RESOURCES ARE NOT SUFFICIENT FOR ALL OF PRESENTLY ENVISAGED LONG-RANGE PROJECTS PLANNED BY RESPECTIVE GOVERNMENTS. THOUGH NOT ARTICULATED BY TURKISH OFFICIAL, EMBOFF RECEIVED IMPRESSION THAT GOT WAS NOT OVERLY CONCERNED WITH SITUATION; BUT RATHER GOT FELT THAT SINCE HEADWATERS OF

EUPHRATES AND TIGRIS ARE IN TURKEY, BULK OF RUN-OFF SHOULD BELONG TO TURKEY.

3. EMBASSY HOWEVER NOTES THAT PARA 4 OF REF C CONTAINS COMMENTS THAT REPORT PREPARED BY THE GOI MINISTRY OF IRRIGATION INDICATES THAT GOI HAS BEEN UNABLE TO REACH SATISFACTORY AGREEMENT OVER SHARING EUPHRATES RIVER WATER WITH GOVERNMENTS OF TURKEY AND SYRIA. REFERRING TO AGREEMENTS WITH TURKEY AND IRAN ON WATER UTILIZATION, REPORT POINTS OUT THAT A NUMBER OF CHEMES HAVE BEEN ESTABLISHED ON THE UPHRATES WITHOUT REGARD TO IRAQI REQUIREMENTS, TO THE "SEVERE DETRIMENT" OF THEIR AGRICULTURE AND DEVELOPMENT PLANS AND CALLS FOR CONCLUSION OF AMULTILATERAL AGREEMENT OVER INTERNATIONAL RIVERS AND ESTABLISHMENT OF AN INTERNATIONAL AGENCY TO RESOLVE PROBLEMS CONNECTED WITH THE NON-NAVIGATIONAL USES OF SUCH RIVERS. REF C STATES THAT GOI HAS INVITED BOTH SYRIA AND TURKEY TO ENTER INTO NEGOTIATIONS TO CONCLUDE AN AGREEMENT REGULATING THE USE OF EUPHRATES RIVER WATERS.

4. USINT BAGHDAD AND AMEMBASSY DAMASCUS MAY WISH TO COMMENT ON CURRENT THINKING OF RESPECTIVE GOVERNMENTS REGARDING LONG-TERM GOT PLANS FOR MASSIVE DEVELOPMENT OF EUPHRATES OF WHICH KARAKYA IS ONLY ONE PORTION. DEPARTMENT MAY WISH TO ADVISE EXIM DIRECTLY OF POLITICAL IMPLICATIONS OF OUR PARTICIPATION IN THESE PROJECTS.  
BERGUS

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## Message Attributes

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**Review Markings:**  
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